RBSA Valuation Advisors LLP

VALUATION | INVESTMENT BANKING | RESTRUCTURING | ADVISORY SERVICES
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Strictly Private and Confidential

Ref: RVA2122MTFAREP034A

Date: July 26, 2021

The Company Secretary
Welspun Corp Limited
Welspun City, Versamedi, Anjar,
Gujarat – 370110

Sub: Recommendation of Share Entitlement Ratio for the proposed demerger of the Demerged Undertaking of Welspun Steel Limited into Welspun Corp Limited

Dear Sir,

1. We refer to:
   - Our Report Number RVA2122MTFAREP034 dated June 26, 2021 ("Report") to recommend the Share Entitlement Ratio for the proposed demerger of the Demerged Undertaking of WSL into WCL; and
   - Your email dated July 21, 2021, requesting our responses to certain queries raised by BSE in respect of the Report

2. Please find hereinunder our point wise replies to the queries raised by BSE,

Query 1: Share working in computation of Share Entitlement ratio by RBSA Valuation Advisors LLP

Reply: The computation of share entitlement ratio has been disclosed on Pg. 11 of the Report. The same is reproduced below for your reference:

Valuation Approach	Demerged Undertaking (A)		CRPS (B)	
	INR per share	Weight	INR per share	Weight
Market Approach: Comparable Companies Multiple Method	8.00	50%	NA	0%
Income Approach: Discounted Cash Flow Method	8.17	50%	10.00	100%
Asset Approach: Net Asset Value Method	11.47	0%	NA	0%
Relative Value per share	**8.09**	**100%**	**10.00**	**100%**
Share Entitlement Ratio (A/B) (Rounded off)	***0.81***			

NA: Not Applicable/ Not adopted

The summary workings for the same are attached as Annexure 1.

Query 2: Confirmation that valuer is independent.

Reply: We confirm our Independence as Registered Valuer Entity for the purposes of recommendation of share entitlement ratio for the proposed demerger of 'Demerged Undertaking' of Welspun Steel Limited into Welspun Corp Limited.

Head Office: 912, Venus Atlantis Corporate Park, Anandnagar Main Road, Prahaladnagar, Ahmedabad – 380015 Tel: +91 79 4050 60
Corporate Office: 1121, Solitaire Corp. Park, Chakala, Andheri Kurla Road, Andheri (E), Mumbai - 400 093 Tel: +91 22 6130 6000

RBSA VALUATION ADVISORS LLP

Query 3: In valuation of WSL Investee Companies, it is mentioned that market approach is used whereas same is not observed in share entitlement ratio table.

Reply: We have provided a note on Valuation of WSL Investee Companies on Pg. 7 of our report. The same is being reproduced below,

Valuation of WSL Investee Companies

Valuation of WSL Investee Companies is carried out on a 'going concern' premise. WSL Investee Companies are expected to make profits in the near to medium term. The historical net asset value of WSL Investee Companies may not be representative of their earning potential. Accordingly, Asset Approach has not been adopted for the valuation of WSL Investee Companies.

- Valuation of WSSL has been carried out adopting a combination of Income approach (Discounted cash flow method) and Market Approach (Comparable Companies Multiple method and Market Price Method).
- Considering that WCGPL has finite life, valuation of WCGPL has been carried out adopting Income approach (Discounted cash flow method).
- Considering that ATMT has been recently incorporated and in absence of business plan, valuation of ATMT has been carried out using underlying Asset Approach (Net Asset Method).

Further, Valuation of the Demerged Undertaking of WSL has been carried out on a 'sum of the parts' basis considering *inter-alia* valuation of WSL Steel Business and WSL's equity stake in WSL Investee Companies.

Attention may be drawn to Annexure V of the Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 which provides format for disclosure of value considered for recommendation of share entitlement ratio in the valuation report. The said circular implies that the disclosure of value under various methods is required for the Demerged Undertaking (i.e., Steel Undertaking) and not for the investee companies of the Demerged Undertaking. Accordingly, the disclosure in the Report is made for the Demerged Undertaking of WSL. Pl. refer Annexure 2 for Summary workings of WSSL.

This letter should be read in conjunction with the Report.

Thanking you

For RBSA Valuation Advisors LLP
(RVE No.: IBBI/RV-E/05/2019/110)

RBSA VALUATION ADVISORS LLP

Ravishu Vinod Shah
Partner
Asset Class: Securities or Financial Assets
(RV No.: IBBI/RV/06/2020/12728)

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Annexure 1. Valuation of 'Demerged Undertaking' of Welspun Steel Limited

A: Comparable Companies Multiple Method

Particulars	Amt (in INR Mn)
Maintainable EBITDA	364
EV / EBITDA Multiple	5.5
Business Enterprise Value	2,002
Adjustments:	
Debt and Debt like items	(677)
Other Adjustments	61
Equity Value of Steel Business of WSL	1,386
Add: Value of Investment in WSSL (Refer Annexure 2)	2,095
Add: Value of Investment in WCGPL	104
Adjusted Equity Value of Demerged Undertaking of WSL	**3,585**
No. of equity shares	447.8
Value per share of Demerged Undertaking	**8.00**

B: Discounted Cashflow Method

Particulars	Amt (in INR Mn)
Present value of FCFF for Explicit Period	479
Present value of Perpetuity	1,597
Business Enterprise Value	2,076
Adjustments:	
Debt and Debt like items	(677)
Other Adjustments	61
Equity Value of Steel Business of WSL	1,460
Add: Value of Investment in WSSL (Refer Annexure 2)	2,095
Add: Value of Investment in WCGPL	104
Adjusted Equity Value of Demerged Undertaking of WSL	**3,659**
No. of equity shares	447.8
Value per share of Demerged Undertaking	**8.17**

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RM.

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Annexure 2: Valuation of Welspun Speciality Solutions Limited

A: Comparable Companies Multiple Method

Particulars	Amt (in INR Mn)
Maintainable EBITDA	782
EV / EBITDA Multiple	5.5
Business Enterprise Value	4,302
Adjustments:	
Debt and Debt like items	(1,262)
Present value of tax benefit on account of brought forward tax losses	947
Redeemable Preference Shares	(509)
Other Adjustments #	545
Equity Value of WSSL	**4,022**

Primarily include present value of Government Grants / Sales Tax Incentives and Duty Refunds

B: Market Price Method

Particulars	Amt (in INR Mn)
3 Months Volume Weighted Average Price	**8,052**

C: Discounted Cashflow Method

Particulars	Amt (in INR Mn)
Present value of FCFF for Explicit Period	2,252
Present value of Perpetuity	4,005
Business Enterprise Value	6,257
Adjustments:	
Debt and Debt like items	(1,262)
Present value of tax benefit on account of carried forward tax losses beyond explicit period	206
Redeemable Preference Shares	(509)
Other Adjustments #	347
Equity Value of WSSL	**5,039**

Primarily include present value of Government Grants / Sales Tax Incentives and Duty Refunds, beyond explicit period

D: Valuation Summary – WSSL

Particulars	Amt (in INR Mn)	Weight	Product
Market Approach			
- Comparable Companies Multiple Method	4,022	40%	1,609
- Market Price Method	8,052	20%	1,610
Income Approach – DCF	5,039	40%	2,016
Equity Value of WSSL			5,235
Stake Held by WSL		~50.0%	2,619
Equity value of WSL's stake in WSSL (after considering holding company discount)			**2,095**

RBSA VALUATION ADVISORS LLP
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Drushti R. Desai
Registered Valuer

Address:
Bansi S. Mehta & Co.
Metro House, 3rd Floor,
M. G. Road, Dhobi Talao,
Mumbai – 400020

July 26, 2021

To,
Welspun Corp Limited
Welspun City, village Versamedi,
Taluka Anjar, District Kutch,
Gujarat- 370110

Kind Attention: Mr. Percy Birdy

Respected Sir,

I am in receipt of your email seeking my response to queries raised by BSE on my recommendation of ratio of allotment for the proposed demerger of Steel undertaking of Welspun Steel limited ("WSL") into Welspun Corp Limited ("WCL") vide my Valuation Report dated June 26, 2021 ("Report").

The queries raised by BSE and my responses are as under:

In respect of your query requesting me to share the working of computation of Share Entitlement ratio

The working for computation of Share Entitlement ratio is reproduced below for reference

Fair value of the demerged undertaking (in INR crores)	[A]	360.61
Fair value per preference share proposed to be issued (in INR)	[B]	10.00
Number of preference shares to be issued (in crores)	[C] = [A/B]	36.06
Existing equity shares of Welspun Steel limited (in crores)	[D]	44.78
Fair ratio of allotment	[[C]/[D]]	0.81

In respect of your query requesting me to share the working of Para 4.13 of my Report

The working has been attached as Annexure A.

In respect of your query requesting me to confirm my independence

I hereby confirm my Independence as a Registered Valuer for the purposes of determination of share entitlement ratio for the proposed demerger of Steel undertaking of WSL into Welspun Corp Limited WCL.

In respect of your query that in the valuation of WSL Investee Companies it is mentioned that market approach is used whereas same is not observed in share entitlement ratio table

For determination of value of Investee Company of WSL, i.e. WSSL, I draw your reference to para 4.12.3 of my Report which reads as under:

DRUSHTI RAHUL DESAI

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"Considering that the shares of WSSL are thinly traded I have given lower weight to the value arrived at under the Market Price Method. I have arrived at the fair value per share of the WSSL by applying 85% weight to the value arrived at under the CCM Method and 15% weight to the value under the Market price method."

As mentioned above, I have used Market Price Method and CCM Method to determine the value per share of WSSL.

Steel Undertaking of WSL holds 50.03% equity stake in WSSL. Therefore, fair value of equity stake in WSSL held by the Steel Undertaking is captured in the value of Steel Undertaking disclosed at Para 4.13 of my Report.

Attention may be drawn to Annexure V of the Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 requiring the valuation report to disclose the value in a specified format. The said circular implies that the disclosure of value under various methods is required for the Demerging Undertaking (i.e. Steel Undertaking) and not for the Investee Company of the Demerging Undertaking (i.e. WSSL). Therefore, I have given the said disclosure only for the Steel Undertaking of WSL.

The table mentioned at para 4.13 of the Report for valuation of Steel Undertaking of WSL is reproduced for ease of reference

Approach	Weights	Total Business Value (INR in Crores)	
Market Approach			**330.36**
Comparable Companies Multiple Method			
Based on EBITDA	66.67%	330.36	
Cost Approach			**421.11**
Net Asset Value Method	33.33%	421.11	
Total	**100%**		
Business Value as at Valuation Date			**360.61**

In respect of your query for non-application of Income Approach for valuation of Steel Business of WSL

Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. In this regard, I draw your attention to para 4.5.2 of my report which is reproduced hereunder for ready reference:

DRUSHTI RAHUL DESAI * REGISTERED VALUER *

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Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. An approach based on earnings is relevant in case of companies generating a steady stream of income. The steel industry is observed to be cyclical in nature. The projections of WSL and WSSL as provided have not been adjusted for this cyclicity. Hence, I have not relied on the Discounted Free Cash Flow approach.

As may be noted from above, considering that the steel industry is cyclical in nature and the projections of WSL and WSSL provided by the management have not been adjusted for such cyclicity, I have not considered it appropriate to use the Income Approach for valuation.

This letter should be read in conjunction with my report and the limitations mentioned therein. Any terms not defined in this letter shall derive their meaning from my Report.

Trust this clarifies.

Thanking you,

Yours faithfully,

DRUSHTI RAHUL DESAI
REGISTERED VALUER

Drushti R. Desai.
Registered Valuer
Registration Number: IBBI/RV/06/2019/10666
Date: July 26, 2021
Place: Mumbai

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Annexure A Working for table at Para 4.13 of the valuation report
[Valuation of Steel undertaking]

A| Valuation as per CCM Method under the Market approach

EV/EBITDA Multiple Method

Particulars	Yr ended Mar-21 Rs. in Crores
Operating EBITDA for Steel Business of WSL	36.43
Multiply By:	
EV/EBITDA Multiple	5.43
Enterprise Value	**197.76**
Less: Borrowings as at Valuation Date	78.00
Add: Surplus Cash and bank Balance	1.56
Add: Other Surplus Assets (Vat Refund and Capital advance for Land)	7.43
Add: Value of Investment in Welspun Specialty Solutions Limited (After Holdco discount)	191.20
Add: Value of Investment in Welspun Captive Power generation limited	10.40
Add: Value of Investment in National Savings Certificate	0.01
Less: Contingent Liabilities likely to crystallize, if any	-
Adjusted Business Value as at Valuation Date	**330.36**

DRUSHTI RAHUL DESAI
REGISTERED VALUER

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B| Valuation as per the Net Asset Value method under the Cost Approach

Steel Undertaking of Welspun Steel Limited Valuation as per Net Assets Value Method as at March 31, 2021 Based on Carved out Financial Statements as on March 31, 2021		
Particulars	**Amount in Crores**	**Amount in Crores**
NON CURRENT ASSETS		
Property, Plant and Equipment	248.68	
Capital work-in-progress	0.20	
Right of Use	0.55	
Other Intangible assets	0.02	
Fair value of Investments		
Welspun Specialty Solutions Limited (After Holdco discount)	191.20	
Welspun Captive Power generation limited	10.40	
National Savings Certificate	0.01	
Other Financial Assets	0.17	
Other non-current assets	2.50	453.73
CURRENT ASSETS		
Inventories	119.45	
Financial Assets:		
Trade receivables	10.39	
Cash/Bank	17.88	
Other Financial Assets	0.01	
Other current assets	31.79	179.52
LESS: NON CURRENT LIABLITIES		
Provisions	0.59	
Deferred tax liabilities (Net)	35.07	
Other non-current liabilities	0.52	36.18
LESS: CURRENT LIABLITIES		
Financial Liabilities:		
Borrowings	19.81	
Trade payables	135.73	
Other financial liabilities	0.24	
Other current liabilities	19.97	
Provisions	0.21	175.96
Adjusted Net Asset Value		**421.11**

DRUSHTI RAHUL DESAI
REGISTERED VALUER

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MAY 21, 2021

Welspun Corp Limited
Fair Valuation of Investment in
Welspun Captive Power Generation Limited

TPG & CO, CHARTERED ACCOUNTANTS AND
REGISTERED VALUER, SFA, IBBI
THANE

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Welspun Corp Limited

Fair Valuation of Investment in
Welspun Captive Power Generation Limited

May 2021

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TPG & Co.
Chartered Accountants

Private and Confidential

21st May 2021

Welspun Corp Limited
Welspun house, 5th Floor,
Kamala city, Senapati Bapat Marg,
Lower Parel (W), Mumbai
Maharashtra (India)-400013

Dear Sirs,

Subject: Fair Valuation of equity shares of Welspun Captive Power Generation Limited ('WCPGL') under IND AS

1. We refer to your e-mail dated 25th February 2021 and subsequent discussions in connection with carrying out a fair valuation of Welspun Captive Power Generation Limited ('WCPGL'/ 'The Company'), including 43 MW power plant (which has been recently acquired from Welspun Corp Limited), under IND AS 113, as at 31st March 2021 ('Valuation Date') and our approach, along with our conclusion are detailed in this report ('Report').

2. **CONTEXT AND PURPOSE**

Welspun Corp Limited (WCL), a conglomerate, engages in pipes, plates and coils, home textiles, steel, infrastructure and energy business. WCL holds ~20% stake in WCPGL. Pursuant to the agreement dated 30th March 2019, WCL has sold its 43MW power plant to WCPGL by way of slump sale with effect from 20th September 2019.

WCL has approached TPG & Co. for fair valuation of WCPGL (including 43MW) under IND AS 113 as at 31st March 2021 for financial reporting purposes.

3. **PROCEDURES**

The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Audited financial statements of WCPGL for three years ending 31st March 2020 together with groupings, schedules and notes to accounts
- Provisional financial statements of WCPGL for the period ended 31st January 2021
- Financial Projections of WCPGL, as provided by the Management, for 80 MW, for twelve years ending 31st March 2033 and for 43 MW, for six years ended 31st March 2027 ('Management Projections')
- Inputs from the Management
- Other information and documents for the purpose of this engagement.

TPG & Co. Chartered Accountants FRN No. 141265W THANE

TEJAL PRAFUL GUPTA SFA-IBBI/ RV/06/ 2018/10207 REGISTERED VALUER

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4. **WCPGL Background**

WCPGL is a public limited company. WCPGL is engaged in the business of generation and sale of power and steam mainly to its group companies. The company has 80-megawatt (MW) power generation facility at Anjar, Gujrat, which was commissioned in April 2013. In September 2019, the Company has acquired 43MW power plant from WCL by way of slump sale.

5. **Extracts of the historical financial statements of WCPGL are as under:**

The below financials up to FY19 relate to only 80MW plant operated by WCPGL, as 43 MW has been transferred only in September 2019.

Income statement

INR in Crores Particulars for the year/period ended No. of Months	Audited Mar-18 12	Audited Mar-19 12	Audited Mar-20 12	Provisional Jan-21 10
REVENUE				
Revenue from operations				
Sale of Power	307.4	312.3	314.2	247.4
Sale of Steam	51.7	80.7	68.1	75.4
Others	4.4	71.9	8.8	22.0
Revenue from Operations (Net)	**363.5**	**464.9**	**391.2**	**344.8**
Other Operating Income	0.5	0.3	18.9	0.4
Total Income	**364.0**	**465.2**	**410.0**	**345.2**
Annualised Growth %	***72.9%***	***27.8%***	***-11.9%***	***1.0%***
Expenses				
Cost of materials consumed	197.6	214.5	230.6	162.2
Purchase of Stock-in-Trade	4.1	70.7	7.8	2.8
Employee Benefit Expense	8.9	12.1	13.1	6.2
Other Expense	28.1	33.7	46.6	40.7
Total Expenses	**238.7**	**331.0**	**298.1**	**211.8**
Operating EBITDA	**125.3**	**134.3**	**111.9**	**133.4**
EBITDA %	***34.4%***	***28.9%***	***27.3%***	***38.6%***
Other Income	2.1	2.8	2.6	1.3
EBITDA (Including Non Operating Income)	**127.4**	**137.1**	**114.5**	**134.7**
Depreciation and amortization expense	29.7	25.1	33.5	30.4
EBIT	**97.7**	**112.0**	**81.0**	**104.3**
EBIT %	***26.8%***	***24.1%***	***19.7%***	***30.2%***
Finance Cost	15.2	13.1	5.7	72.9
Profit/(Loss) before Tax	**82.5**	**98.9**	**75.2**	**31.4**
Tax expenses	28.5	1.1	1.8	(7.4)
Profit/(Loss) after Tax	**54.1**	**97.8**	**73.5**	**38.8**
PAT%	***14.9%***	***21.0%***	***17.9%***	***11.2%***

Source: Management Information

Note:

- *Other operating income includes exchange gain amounting to INR 0.3 crore and miscellaneous income amounting to INR 0.05 crore.*
- *Due to Covid-19, there were salary cuts till September 2020 and reduction in coal prices, which led to improvement in EBIDTA margins for FY21.*

TPG & Co. Chartered Accountants FRN No. 141265W THANE

TEJAL PRAFUL GUPTA SFA-IBBI/ RV/06/ 2018/10207 REGISTERED VALUER

Balance Sheet

INR in Crores Particulars as at	Audited Mar-18	Audite Mar-19	Audited Mar-20	Provisional Jan-21
EQUITY AND LIABILITIES				
Shareholder's funds				
Share capital	29.5	29.5	29.5	29.5
Equity component of compound financial instruments	71.7	71.7	71.7	-
Reserves & Surplus	78.7	176.3	250.5	361.0
	180.0	**277.6**	**351.7**	**390.5**
Non-current liabilities				
Financial Liabilities				
Long Term Borrowings	108.6	23.4	26.2	-
Lease Liability	-	-	1.0	1.0
Other Financial Liabilities	0.0	0.0	0.0	0.0
Employee Benefit Obligation	0.4	0.5	0.6	0.3
	109.0	**23.9**	**27.8**	**1.3**
Current liabilities				
Financial Liabilities				
Lease Liability	-	-	0.1	0.1
Short term borrowings	-	-	-	
Trade payables	18.5	7.0	30.2	15.8
Other Financial Liabilities	1.1	91.6	1.2	0.9
Employee Benefit Obligation	0.1	0.1	0.3	0.2
Liabilities for current tax (net)	-	-	0.0	1.9
Other Current Liabilities	0.8	1.3	1.0	2.1
	20.5	**99.9**	**32.7**	**20.9**
Total	**309.4**	**401.4**	**412.2**	**412.7**
ASSETS				
Non-current assets				
Property,Plant and Equipment	198.8	181.3	214.8	190.6
Capital WIP	-	0.2	0.9	0.1
Intangible Assets	0.0	0.0	0.0	0.0
Right of Use Asset	-	-	1.1	1.0
Financial Assets	3.7	0.0	-	2.0
Deferred Tax Assets(Net)	1.7	23.1	35.3	60.4
Other Non-Current Assets	0.3	0.3	1.1	0.3
Non Current tax assets	-	-	-	-
	204.6	**205.0**	**253.2**	**254.3**
Current assets				
Inventories	7.5	15.9	36.8	9.6
Financial Assets				
Investment	25.2	59.1	4.5	11.8
Trade Receivables	56.2	97.0	76.2	51.6
Cash and cash equivalents	9.1	12.3	11.0	3.0
Bank Balances other than Cash & Cash Equivalent	0.4	3.3	2.9	3.5
Other Financial Assets	1.4	2.1	20.3	20.5
Current Tax Assets(Net)	1.6	2.1	0.9	-
Other Current Assets	3.3	4.7	6.4	58.4
	104.8	**196.5**	**159.0**	**158.4**
Total	**309.4**	**401.4**	**412.2**	**412.7**

Source: Management Information

TPG & Co. Chartered Accountants FRN No. 141265W THANE

TEJAL PRAFUL GUPTA SFA-IBBI/ RV/06/ 2018/10207 REGISTERED VALUER

Notes:

- *Other non-current financial assets of INR 2.0 crores include electricity duty refundable.*
- *Other Current Financial Assets primarily include insurance claim receivable amounting to INR 19.2 crores, interest on bonds and deposits amounting to INR 0.1 crores and other current financial assets amounting to INR 1.2 crores.*
- *Other non-current assets include balance with customs & other government authorities of INR 0.3 crore and security deposits of INR 0.05 crore.*
- *Other current assets balance with government authorities of INR 1.2 crore, capital advances of INR 3.3 crores, advance to suppliers of INR 3.1 crore, EMD with supplier of INR 50 crore, advance to employees of INR 0.07 crore and prepaid expenses of INR 0.6 crore.*
- *Other non-current financial liabilities include security deposits of INR 0.005 crores.*
- *Other current financial liability includes retention money payable of INR 0.9 crore.*
- *Other current liability includes statutory dues of INR 2.05 crore and advance from customer of INR 0.01 crore.*
- WCPGL had issued 10% non-cumulative redeemable preference shares amounting to INR 98.5 crores in December 2012 which were redeemed during the year.

6. Key Valuation Consideration:

6.1 Power Industry Overview:

India's power sector is one of the most diversified in the world. Source of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar, agriculture and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required. Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistic, finances and manpower).

By 2022, solar energy is estimated to contribute 114 GW, followed by 67 GW from wind power and 15 GW from biomass and hydropower. The target for renewable energy has been increased to 227 GW by 2022. Total installed capacity of power stations in India stood at 377.26 GW as of November 2020. Electricity production reached 1,252.61 billion units (BU) in FY20.

Investments

- In December 2020, the Asian Development Bank (ADB) and the Government of India signed a US$ 100 million loan to modernise and upgrade the power distribution system for enhancing the quality and reliability of electricity supply in Bengaluru, Karnataka.
- In January 2021, Tata Power received a letter of award (LOA) from Kerala State Electricity Board Limited (KSEBL) to develop a 110 MW solar project. With this, Tata Power's renewable capacity will increase to 4,032 MW, out of which 2,667 MW is operational and 1365 MW is under implementation, including 110 MW won under this LOA.
- In December 2020, the foundation stones of India's largest hybrid renewable energy park having 30 GW capacity was laid in Gujarat at Vighakot village in the district of Kutch. The estimated cost of this project is ~INR 1.5 lakh crore (US$ 20.44 billion).
- In December 2020, The Asian Development Bank (ADB) and Government of India signed a US$ 132.8 million loan to strengthen and modernise the distribution network and improve quality of power supplied to households, industries and businesses in Meghalaya.

TPG & Co. Chartered Accountants FRN No. 141265W THANE

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Government Initiatives

- As per the Central Electricity Authority (CEA) estimates, by 2029-30 the share of renewable energy generation would increase from 18% to 44%, while that of thermal is expected to reduce from 78% to 52%.
- On November 17, 2020, Energy Efficiency Services Limited (EESL), a joint venture of PSUs under the Ministry of Power and Department of New & Renewable Energy (DNRE), Goa, signed a memorandum of understanding to discuss roll-out of India's first Convergence Project in the state.
- In October 2020, the government announced a plan to set up an inter-ministerial committee under NITI Aayog to forefront research and study on energy modelling. This, along with a steering committee, will serve the India Energy Modelling Forum (IEMF) jointly launched by NITI Aayog and the United States Agency for International Development (USAID)
- Government plans to establish renewable energy capacity of 500 GW by 2030.

Achievements

- According to the Union Budget 2021-22, 139 GW of installed capacity and 1.41 lakh circuit km of transmission lines were added and 2.8 crore households were connected in the past 6 years.
- Solar tariffs in India have reduced from ~INR 7.36/kWh (US 10 cents/kWh) in FY15 to Rs. 2.63/kWh (US 3.57 cents/kWh) in FY20.
- As December 2020, over 36.69 crore LED bulbs, 1.14 crore LED tube lights and 23 lakh energy-efficient fans have been distributed across the country, saving ~47.65 billion kWh per year.
- In the first half of November 2020, India's power consumption increased 7.8% to 50.15 billion units (BU), indicating an improvement in economic activity, according to government data. According to data from the power ministry, power consumption in the country was registered at 46.52 BU between November 1 and November 15 last year.
- Energy generation from thermal sources stood at 472.90 billion units (BU) in April-September 2020.
- NTPC Ltd.'s oldest unit in Singrauli, Uttar Pradesh, has achieved the highest Plant Load Factor (PLF) of 100.24% among all thermal units in the country between April 2020 and December 2020.

Road Ahead

- The Government of India has released its roadmap to achieve 227 GW capacity in renewable energy (including 114 GW of solar power and 67 GW of wind power) by 2022. The Union Government of India is preparing a 'rent a roof' policy for supporting its target of generating 40 gigawatts (GW) of power through solar rooftop projects by 2022.
- Coal-based power-generation capacity in India, which currently stands at 199.5 GW, is expected to witness total installed capacity addition of 47.86 GW by 2022.

Source: www.ibef.org

6.2 **<u>Covid-19</u>**

The emergence towards the end of 2019 of the novel coronavirus, also known as Covid-19, and the resulting global pandemic, has created a huge amount of uncertainty around the world. The epidemic took toll on global and domestic activities and economy for few months. The severe spread of virus had halted trade activities across various economies which have disrupted routine activities of multiple nations bringing the counties to halt thus distorting their economic growth.

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Countries around the world implemented measures to slow the spread of the coronavirus, from national quarantines to school closures. More than a third of the planet's population was under some form of restriction. In March 2020, the Government of India had ordered a nationwide lockdown for more than 2 months, limiting movement of the entire 1.3 billion population of India as a preventive measure for Covid-19. As some states re-imposed curbs in April 2021 to fight a second wave of infections, businesses feared the restrictions could slow the pace of recovery in the next two or three months, as well as heightening the risk of inflation. Currently limited movement is allowed with all the precautions.

Peak power demand in India in FY21 was 1.31% lower than in the previous financial year even though the country has come out of the shadows of the Covid-induced slowdown. This indicates robust growth is missing with demand towards the end of the financial year rebounding to just mid-2019 levels. Monthly demand has, however, shown a considerable improvement over peak lockdown months, mostly on the back of thermal power. Peak power demand in March 2021 stood at 170.6 Gw, up from 157 Gw in March 2020 and 163 Gw in March 2019. This is, however, similar to the demand during April-September 2019.

Thermal power is a beneficiary of demand recovery. The all India plant load factor (PLF), or the operating ratio of the thermal units, stood at 63.27% in February this year as against 60.27% in February last year. NTPC, India's largest thermal power generator, posted 8.2% growth in generation in FY21. The company said the year saw the highest ever group-level generation. While renewable energy generation has grown at a healthy rate of 6.6 per cent between April and January, its contribution remains limited to 17% of the overall electricity supply (during February 2021).

Source: Secondary Research

6.3 **WCPGL**

WCPGL has been set up to cater to the power requirements of Welspun Group Companies, mainly to Welspun India Limited, Welspun Steel Limited, Welspun Corp Limited and Welspun Wasco Coatings Private Limited (power purchasers).

We understand from the Management that

- These power purchasers have agreed for minimum power off take of 515,100 MW per annum and steam purchase of 434,160 MT.
- The power rate for the above unit will be variable cost of grid subject to minimum of INR 6.25 per Kwh and steam at INR 1,900 per ton.
- 80 MW plant has been operating at more than 85% PLF and expected to operate till 2033 (20 years life).
- These power purchasers have also been using diesel generators at the time of shortage for their power requirements.
- Welspun Group is consolidating all the utilities under one umbrella.

  To achieve the same,

  - WCPGL has acquired 43MW power plant owned by WCL in March 2019. This 43MW power plant was earlier used by plates and coils mill division (PCMD) of WCL, which has been sold to Jindal Group in March 2019. We understand from the Management that 43MW plant has been transferred with effect from 20th September 2019.

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- 3 DG sets with power generation capacity of 6 MW each has been transferred from Welspun India Limited to WCPGL with effect from 20th September 2019 for INR 3 crores.

- 43MW power plant has been operating since 2007 and expected to operate till 2027 (20 years life). This plant has been operating at 30% PLF based on the requirement of PCMD division. Going forward, WCPGL is expected to utilise this plant at ~60% PLF due to the additional power requirement of new shareholder Welspun Metallics Limited. Also, it is expected to be used as stand by plant and expected to save significant cost, which has been currently incurred in generating power using DG sets. Since 43MW power plant would be now available in case of shut down of 80MW power plant, use of DG sets would be required only when 80MW and 43 MW both are under maintenance.

- Inputs raw material required for power plant (coal and lignite) is mainly imported from Indonesia which has higher gross calorific value.

- Balance sheet is not available as at 31st March 2021. However, the Management has confirmed that there are no major significant movement in the balance sheet from that of 31st January 2021 and we have relied on the Management for the same. The performance till January 2021 has been broadly in line with budget for FY21 and we understand that the same is for March 2021 as well.

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Based on above mentioned factors, we have considered the projected financial statements provided by the management (including 43 MW based on stand-by utilisation in case of shut down of 80MW for maintenance), for the purpose of this valuation:

Projections for 80 MW + 43 MW

In INR Crore	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
No. of Months	12	12	12	12	12	12	12	12	12	12	12	12
Revenue	393.8	408.9	408.9	408.9	408.9	408.9	368.5	368.5	368.5	368.5	368.5	368.5
Growth %		***3.8%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***-9.9%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***
EBITDA	106.5	102.5	93.8	85.1	76.3	67.4	18.2	11.5	4.7	(2.1)	(8.9)	(15.6)
EBITDA %	***27.0%***	***25.1%***	***22.9%***	***20.8%***	***18.7%***	***16.5%***	***5.0%***	***3.1%***	***1.3%***	***-0.6%***	***-2.4%***	***-4.2%***
Less: Depreciation	(30.8)	(26.2)	(22.3)	(18.9)	(16.1)	(13.7)	(11.6)	(9.9)	(8.4)	(7.1)	(6.1)	(5.2)
EBIT	75.7	76.4	71.6	66.2	60.2	53.7	6.6	1.6	(3.7)	(9.2)	(14.9)	(20.8)
EBIT %	***19.2%***	***18.7%***	***17.5%***	***16.2%***	***14.7%***	***13.1%***	***1.8%***	***0.4%***	***-1.0%***	***-2.5%***	***-4.0%***	***-5.6%***
Capex	6.5	7.0	8.0	8.0	10.0	10.0	10.0	6.9	6.9	6.9	6.9	6.9
NWC as DoS	***91***	***89***	***89***	***89***	***89***	***89***	***89***	***89***	***89***	***89***	***89***	***89***

Source: Management Information
Note: NWC as DoS has been assumed based on the current trend

- PLF of ~90% and ~60% has been considered for 80 MW and 43 MW power plant respectively during the projection period.
- Cost assumptions have been made in line with historical cost (except FY21 in which coal cost was exceptionally low)
- EBIDTA is expected to reduce over projection period due to ageing of the plant and higher maintenance requirement during later years of plant life.
- Capex is expected to increase in the next few years and go down in last few years of plant life as plant reaches its expiry of 25 years.
- Net working capital as days of sales is expected to broadly remain at constant at 89-91 days during projection period.

The information provided and assumptions used by the Management in developing the projections have been appropriately reviewed. Enquiries have been made regarding the basis of these key assumptions along with current industry/ economy trend.

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7. VALUATION APPROACH

As requested by the Management, we have carried out fair valuation of investment in WCPGL, as at 31st March 2021. Fair valuation of Investment in WCPGL has been carried out based on IND AS 113 – fair value measurement guidance. Fair value hierarchy priorities the inputs used in the valuation techniques into the following 3 levels:

Level I - Quoted prices (unadjusted) in active markets for identical assets & liabilities that reporting entity can access at the measurement date.

Level II - Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly.

Level III - Unobservable inputs (e.g. future cash flows/ projections) for the asset or liability.

Considering the relative reliability, the inputs are used to measure fair value. The availability of inputs might affect the valuation technique used to measure fair value.

For measuring the fair value, the use of observable inputs is to be maximised and the use of unobservable inputs is to be minimised.

The observable inputs are the inputs that reflect the assumptions market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the reporting entity.

The unobservable inputs are the inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The valuation of power plant is dependent on following specific factors:

- Long term tie-up for power purchase – Here the power purchasers have agreed for long term requirements due to the need in their respective manufacturing set-up.

- Balance life of the power plant – The cash flows of the power plant would be dependent on balance life of the power plant. Value of the power plant would be dependent on plant load factor (actual utilisation of plant) and availability of regular supply of coal required to generate power.

  The balance life for 80MW is around 12 years whereas for 43MW it is 6 years.

7.1 Level I - Market Price Inputs

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.

In the present case, the shares of the WCPGL are not listed on any of the stock exchanges and hence Level I inputs could not be applied.

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7.2 **Level II - Comparable Companies' Multiple (CCM) Inputs**

Under CCM, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. CCM is generally used for companies with stable level of operations (company with consistent business operations).

Here in this case, though there are listed comparable peers engaged in thermal power, CCM approach has not been used in view of the fact that the value of the power plants would be dependent balance life of the plant, tie-ups for long term power purchase, availability of raw material (coal and lignite in this case), plant load factor etc., which would vary for all the power plants.

7.3 **Level III –Financial Projections Input/ Discounted Cash Flows Method**

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of DCF valuation, the free cash flow forecast is based on Financial Projections for the balance life of the power plant (Till 2027 for 43 MW and till 2033 for 80 MW), as provided by the Management. WACC of ~14.5% has been used to discount the cash flows considering beta for industry peers, WCPGL specific debt/ equity ratio as well as considering dependency of WCPGL on Welspun Group and uncertainty due to Covid 19. We must emphasize that realisations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. While carrying out this engagement, we have relied extensively on information made available to us by the Management and the Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecast, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

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To arrive at the total value available to the shareholders of WCPGL, value arrived above under DCF method for WCPGL is adjusted for the surplus assets (cash and cash equivalents, Investments) borrowings etc. (including fair value of non-cumulative redeemable preference shares) as deemed appropriate as at Valuation Date.

7.4 In the ultimate analysis, valuation gets influenced by the valuer's judgement of many qualitative factors. These factors could include quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, industry scenario, stage of the company (start-up/ stable) etc. which are not evident from the face of the balance sheets.

7.5 It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In addition, valuation of any company fluctuates with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the company, and other factors which generally influence the valuation of companies and their assets.

8. CAVEATS

8.1 This report, its contents and the results herein are specific to (i) the requirement of Valuation purpose i.e. for IND AS purposes (ii) the Valuation Date (iii) based on the provisional balance sheet as at 31st January 2021, financial projections as provided by the Management and confirmation from the Management that there are no significant movement in the balance sheet as at 31st March 2021 from that of 31st January 2021.

8.2 The Management represented that they have considered all possible effects in the Valuation that may result from the pandemic relating to Covid on the valuation of the Company. However, as the situation around Covid is fluid and dynamic, we would like to highlight that any potential variation between expected and actual results may be materially greater than otherwise. We do not take any responsibility for the achievement of the projected results.

8.3 The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the Valuation Date/date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

8.4 The conclusion rendered in this report is based upon information available from the Management till current date. Although every scientific method has been employed in systematically arriving at the value, there is no indisputable single value. Further, the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. While we have provided our assessment of fair market value based on the information available to us and within the scope and constraints of our engagement, and we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value. While we normally express our assessment as falling within a likely range, as per requirements of this Engagement, we are providing a single value.

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8.5 We are independent of the Client and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.

8.6 In the course of the engagement, we have been provided adequate information and time for carrying out this valuation. We were provided with both written and verbal information, including financial and market data. In accordance with the terms of our engagement, we have evaluated the information provided to us by the Company including financial projections through broad inquiry, analysis and review but we have neither carried out a due diligence/audit of the information provided for the purpose of this engagement nor have we independently investigated or otherwise verified the data provided. The accuracy of information made available till date is the responsibility of the Management. We are not legal or regulatory advisors with respect to legal and regulatory matters for the Transaction. We do not express any opinion or offer any form of assurance regarding the accuracy and completeness of the financial information or other information provided to us.

8.7 A draft of this report was shared with the Management for confirmation of facts and other inputs provided by the Management. The draft report has been duly confirmed by them for the facts etc.

8.8 Our conclusions are based on information provided by the Management and based on the representation of the Management. We assume no responsibility for any errors in the information furnished to us, and their impact on the report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents.

8.9 We owe responsibility to only WCL which has retained us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

8.10 The report must be considered as whole and cannot be split into parts. Selecting certain portions of the Report or the factors considered, without taking into account all the factors and analysis together could create a misleading view of the process underlying the valuation conclusions.

8.11 We have relied on data from external sources also to conclude the valuation (CLINE/ NSE/ BSE). These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and/or reproduced in its proper form and context.

8.12 The report assumes that the Company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to us.

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8.13 The valuation report is tempered by the exercise of judicious discretion by the Valuer, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

8.14 This report is subject to the laws of India.

9. CONCLUSION

In view of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion, the fair value of equity share of INR 10 each of WCPGL as at 31st March 2021 is INR 119.2 per share.

10. DISTRIBUTION OF OUR REPORT

10.1 Our Report has been prepared solely for use by you in connection with the purpose indicated above in paragraph 2 and should not be relied upon for any other purpose. It is not to be used (other than for the purpose outlined in paragraph 2 above), referred to or distributed for any other purpose or to any other person without our written consent. Consequently, except to the extent mandatorily required by the laws of India, you should not make our report available or otherwise disclose our report to any third party unless we have specifically agreed with you and that party, in writing, the basis on which our report may be made available and which we may give or withhold at our absolute discretions. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any other party to which the report is disclosed or otherwise made available or is used for any purpose other than that indicated in paragraph 2 above.

10.2 This report is not to be referred to or quoted, in whole or in part, in any offering memorandum, prospectus, registration statement, public filing, loan or other agreement or document without our express written approval, which may require that we perform additional work. TPG & Co accepts no duty, obligation, liability or responsibility to any party, other than WCL, with respect to the services and/ or this report.

10.3 In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or willful default on the part of WCL, their directors, employees or agents. In no circumstances shall the liability of TPG & Co, its partners or employees, relating to services provided in connection with this engagement exceed the amount paid to us in respect of the fees charged for those services.

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work.

For TPG & Co
Chartered Accountants
ICAI FRN 141265W

TPG & Co. Chartered Accountants FRN No. 141265W THANE

TEJAL PRAFUL GUPTA SFA-IBBI/ RV/06/ 2018/10207 REGISTERED VALUER

Tejal Gupta
Proprietor
Membership No: 128157
Registered Valuer, SFA – IBBI/RV/06/2018/10207
UDIN: 21128157AAAAAZ3106

Annexure I

DCF Workings as at 31st March 2021

INR Crores No of months	FY22 12	FY23 12	FY24 12	FY25 12	FY26 12	FY27 12	FY28 12	FY29 12	FY30 12	FY31 12	FY32 12	FY33 12
Total Revenue	393.8	408.9	408.9	408.9	408.9	408.9	368.5	368.5	368.5	368.5	368.5	368.5
Growth	***-4.9%***	***3.8%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***-9.9%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***
EBITDA	106.5	102.5	93.8	85.1	76.3	67.4	18.2	11.5	4.7	(2.1)	(8.9)	(15.6)
EBITDA %	***27.0%***	***25.1%***	***22.9%***	***20.8%***	***18.7%***	***16.5%***	***5.0%***	***3.1%***	***1.3%***	***-0.6%***	***-2.4%***	***-4.2%***
Less: Depreciation	(30.8)	(26.2)	(22.3)	(18.9)	(16.1)	(13.7)	(11.6)	(9.9)	(8.4)	(7.1)	(6.1)	(5.2)
EBIT	**75.7**	**76.4**	**71.6**	**66.2**	**60.2**	**53.7**	**6.6**	**1.6**	**(3.7)**	**(9.2)**	**(14.9)**	**(20.8)**
Less: Tax	(13.2)	(13.3)	(12.5)	(11.6)	(10.5)	(9.4)	(1.2)	(0.3)	-	-	-	-
EBIT less tax	**62.5**	**63.0**	**59.1**	**54.6**	**49.7**	**44.4**	**5.5**	**1.3**	**(3.7)**	**(9.2)**	**(14.9)**	**(20.8)**
Add: Depreciation	30.8	26.2	22.3	18.9	16.1	13.7	11.6	9.9	8.4	7.1	6.1	5.2
Less: Capex	(6.5)	(7.0)	(8.0)	(8.0)	(10.0)	(10.0)	(10.0)	(6.9)	(6.9)	(6.9)	(6.9)	(6.9)
Add/ Less: (Increase)/ Decrease in WC	24.3	(1.5)	-	-	-	-	9.8	-	-	-	-	-
Scrap Value - Assumed at 5%	-	-	-	-	-	3.3	-	-	-	-	-	15.1
Release of NWC	-	-	-	-	-	-	-	-	-	-	-	89.5
Free cash flows	**111.1**	**80.7**	**73.3**	**65.5**	**55.8**	**48.0**	**16.9**	**4.3**	**(2.2)**	**(9.0)**	**(15.8)**	**(22.5)**
Free cash flows/ Revenue	***28%***	***20%***	***18%***	***16%***	***14%***	***12%***	***5%***	***1%***	***-1%***	***-2%***	***-4%***	***-6%***
PV factor @ 14.5%	0.93	0.82	0.71	0.62	0.54	0.47	0.41	0.36	0.32	0.28	0.24	0.21
PV of cash flows	**103.8**	**65.9**	**52.3**	**40.8**	**30.3**	**24.3**	**7.0**	**1.6**	**(0.7)**	**(2.5)**	**(3.8)**	**15.9**

NPV for 80 + 43 MW Plant	**334.7**
Adjustments	
Add: Surplus assets	18.4
Less: Debt like	(0.9)
Less: Fair value of Redeemable Preference Shares	-
Equity value	**352.2**
No of shares	29,537,988
Value Per Share	**119.2**

Notes:

Surplus Assets includes cash & bank balance, investments and interest accrued on deposits and bonds.

Debt-Like items include retention money payable.

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WACC Workings

Particulars	%	Source
Risk-Free Rate (Rf)	6.3%	Source : NSE 8 years RFR ended 31st March 2021
Equity Risk Premium (Rp)	7.0%	Equity Risk Premium
Effective Tax Rate (T)	25.2%	Effective rate of tax
Relevered Beta (B)	0.37	Based on relevered beta based on peers
Company specific risk premium	4.0%	Dependency on Welspun Group
Premium for Covid-19	1.5%	Additional premium for impact of Covid-19
Cost of Equity	**14.41%**	
Target Debt as % of Total Capitalization (D)	0.0%	
Target Mkt. Cap. as % of Total Capitalization (E)	100.0%	
WACC (rounded)	**14.50%**	

TPG & Co.
Chartered Accountants
FRN No. 141265W
THANE

TEJAL PRAFUL GUPTA
SFA-IBBI/
RV/06/
2018/10207
REGISTERED VALUER